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Latinos in the Labor Force

by Phillip Granberry, PH.D.

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AND PUBLIC POLICY



Introduction

In 2018 a financial news and commentary website, *24/7 Wall St.*, ranked Massachusetts as the state with the largest economic and social disparities between Latinos and non-Latino whites. For example, median household income was shown to be slightly above \$80,000 for whites and just under \$40,000 for Latinos. Even more starkly, the rates of homeownership were shown as 69.3% and 26.0%, respectively.¹

The present report offers an in-depth look at one aspect of the disparity, namely, the difference between the median wage income of Latinos and non-Latinos (a great majority of whom in Massachusetts are non-Latino white). In 2017 Latinos in Massachusetts earned a median wage income of \$29,324 compared to \$47,526 for non-Latinos.² Even when the comparison is narrowed to full-time workers, the disparity persists: \$37,818 to \$60,671.

This gap takes on some importance given that Latinos³ composed 12% of the state's labor force in 2017, and their share is expected to increase to over 18% of the labor force by 2035.⁴ Their growing role in the state's economy makes their labor market experience an important policy concern.

The report starts with an overview of Latinos in the Massachusetts labor force, including statistics on their labor force participation, unemployment, age structure, and gender composition – all of these in comparison with non-Latinos. The report then turns to wage comparisons, including comparisons within occupational categories. In each case, to arrive at the wage differential measure, we subtract non-Latino wage income from the Latino wage income, then divide this difference by the Latino wage to arrive at a percentage wage differential. In addition to occupational categories, we also provide wage estimates by age, sex, nativity, and education.⁵

This analysis makes no attempt to control for other unobserved factors such as social networks or discrimination. Further research is needed to find the cause of this wage differential.

¹ Stebbins, Samuel. The Worst States for Hispanics, *24/7 Wall Street*, 2017. <https://247wallst.com/special-report/2019/01/24/the-worst-states-for-hispanics-3/> accessed on April 22, 2019.

² ACS public use microdata sample (PUMS). Washington, D.C. :U.S. Census Bureau.

³ As in other statewide reports of the Gastón Institute, we include Brazilians as Latinos.

⁴ Granberry, Phillip and Mattos, Trevor, "Massachusetts Latino Population: 2010-2035" (2019). Gastón Institute Publications. 241. https://scholarworks.umb.edu/gaston_pubs/241

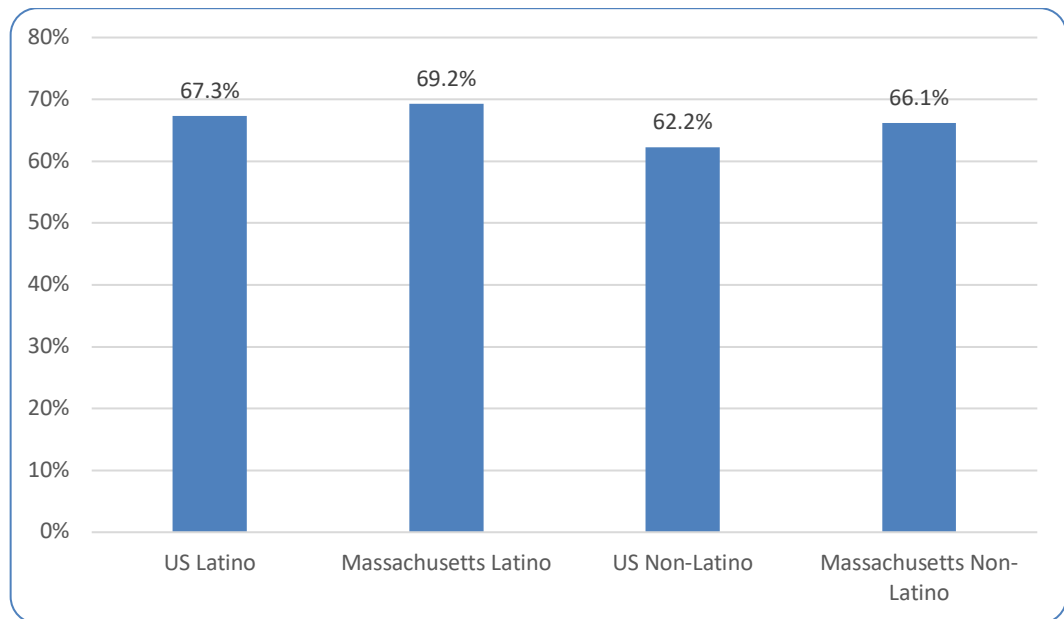
⁵ These descriptive results are generated using the 2017 and the 2013-2017 American Community Survey (ACS) data. The ACS is a yearly sample of approximately three percent of households in the United States. Even though the ACS provides a one-year estimate for Massachusetts, using the five-year ACS enables us to generate wage estimates for 23 major occupational categories. This pooled estimate has a smaller standard error than the one-year ACS and provides a more precise estimate than one-year data.

Overview: Latinos in the Labor Force

Labor Force Participation

Even as the size of the Latino labor force increased by 33% nationally and 58% in Massachusetts from 2007 to 2017, their labor force participation rate remained steady. It held at 67% nationally and increased slightly from 67.6% to 69.2% in Massachusetts (Figure 1). This labor force participation rate is the percentage, among all the population 16 years and older, of those who are either employed or looking for work.⁶

Figure 1: Labor Force Participation in Massachusetts and the United States in 2017



Source: 2017 American Community Survey

For both Latinos and non-Latinos, Massachusetts has higher levels of labor force participation than does the country as a whole. Both nationally and in Massachusetts, likely due to a younger age profile (see Figure 3), Latinos have a greater share participating in the labor force than non-Latinos.

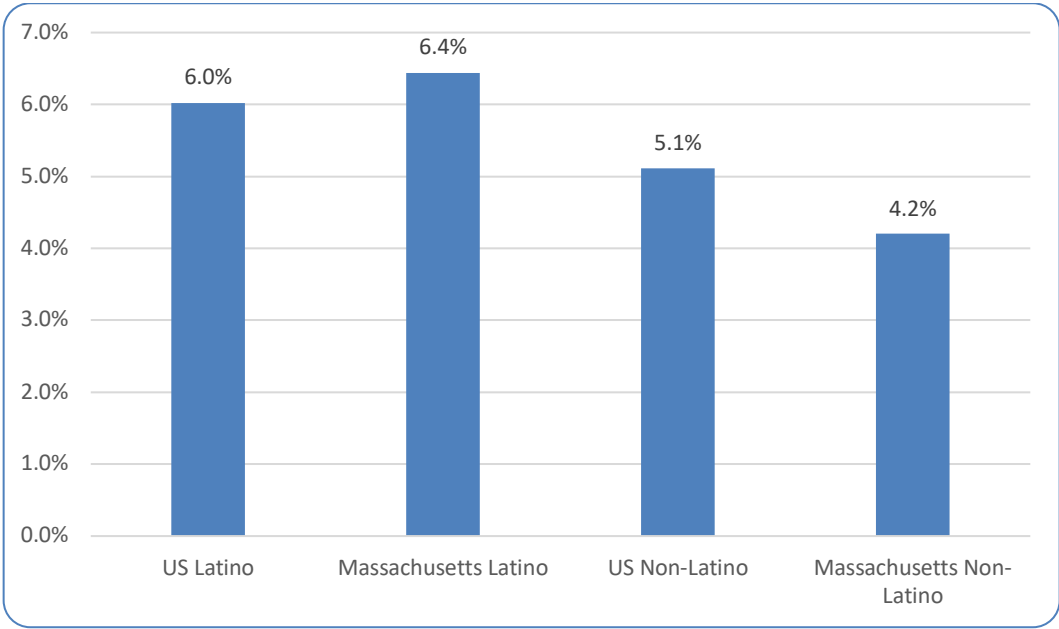
Unemployment

In the United States, Latino unemployment historically has been higher than that for non-Latinos, and this is true in Massachusetts. In fact, as Figure 2 shows, the discrepancy in unemployment between Latinos and non-Latinos is higher in Massachusetts than in the country as a whole. Even though their 6.4% unemployment rate in Massachusetts was lower than their 10% in 2007 at the start of the Great Recession, it was more than 50% higher than for non-Latinos.

⁶This estimate differs slightly from that of the Bureau of Labor Statistics (BLS), whose labor force participation estimate excludes institutionalized persons.

Latino males have slightly higher unemployment in 2017 (6.5%) than Latinas (6.3%). Before the Great Recession, Latino male unemployment was approaching that of non-Latino whites, but the recession was especially harmful to Latinos.⁷ For their part, Latinas have consistently had higher unemployment than non-Latino women workers. Among Latino ethnic groups, unemployment is highest for Puerto Ricans, especially males.

Figure 2: Unemployment in Massachusetts and the United States in 2017



Source: 2017 American Community Survey⁸

The disparities in wage income among Latinos and non-Latinos in Massachusetts, analyzed later in this report, do not appear related to Latinos’ participation in the labor force. Their slightly higher unemployment is accompanied by their slightly higher labor force participation. Therefore, we next examine demographic characteristics of age, sex, and nativity, along with individual characteristics of educational attainment and occupational distribution.

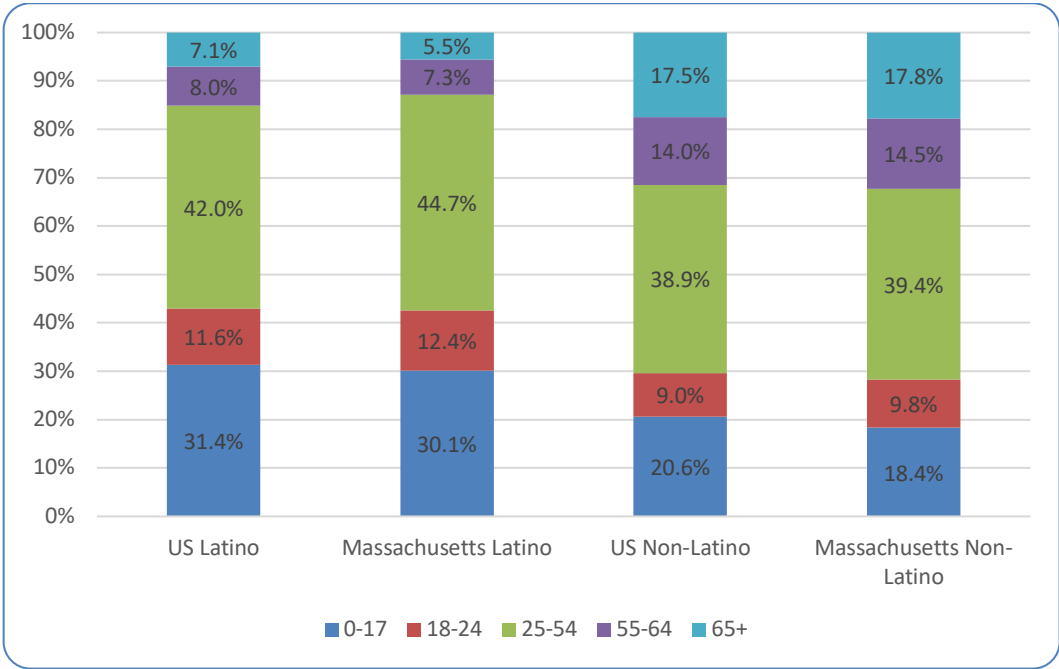
Age Structure

Some countries with advanced economies are facing problems with a decline in their working age population. Japan is projected to lose 20% of its workforce from 2010 to 2040.⁹ In the United States, the Baby Boom generation is moving into retirement years or into age cohorts with lower labor force participation. The United States is not projected to experience shrinkage of our labor

⁷ Mora, Marie and Dávila, Alberto, "The Hispanic–White Wage Gap Has Remained Wide and Relatively Steady" Washington, DC: *Economic Policy Institute*. 2018.
⁸ The ACS unemployment estimates differ from those of the Bureau of Labor Statistics. The BLS has more precise estimates of the population actively seeking work and thus counted as unemployed than does the ACS.
⁹ Harding, Robin. "Japan’s workforce set to shrink by almost 13m in the next 20 years," *Financial Times*, January 15, 2019.

force over the next decade, but its growth is projected to slow because of our aging population.¹⁰ Not only do older workers have lower labor force participation, but firms with larger shares of older workers may experience lower productivity. Even though older workers have developed job skills over their careers, they may not continue to develop the innovation needed for future economic growth.¹¹

Figure 3: Age Structure of the Population in 2017



Source: 2017 American Community Survey

On average, Latinos in Massachusetts and the country overall are younger than non-Latinos. In Massachusetts, for example, only 12.8% of Latinos are 55 or older compared to 32.3% for non-Latinos. In contrast, 42.5% of Latinos, and only 28.2% of non-Latinos, are under 25. This age structure makes Latinos a good fit for the U.S. labor market over the next several decades.

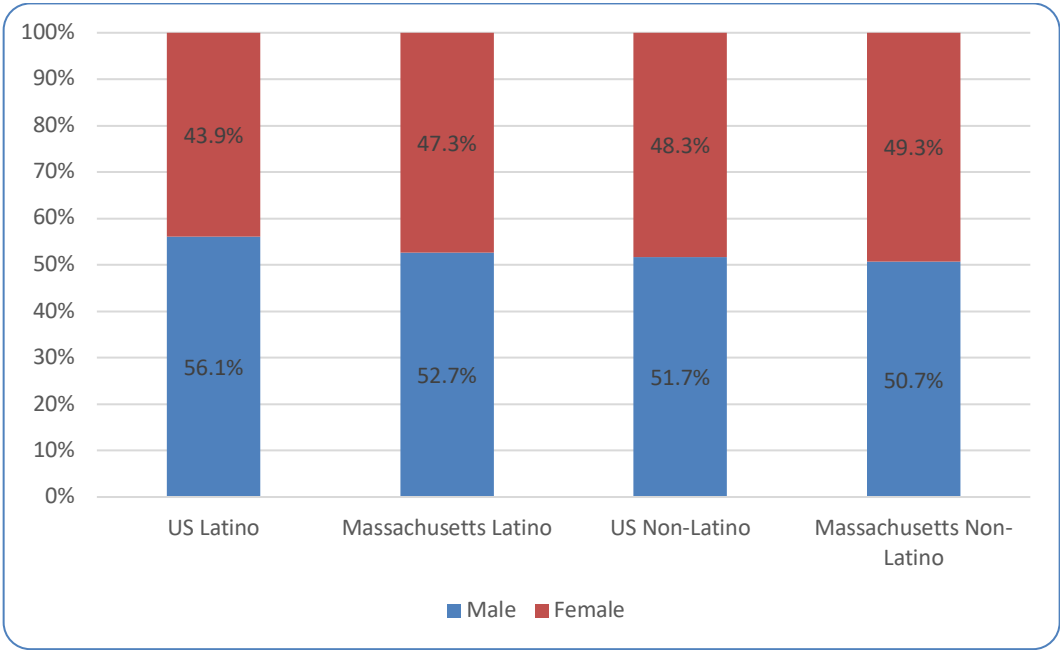
Sex

Men are more likely to participate in the labor force than women, but women’s increased labor force participation in the last quarter of the 20th Century helped increase economic growth in the United States. As Figure 4 shows, even as men constitute the majority of the Massachusetts labor force, the difference is not great, especially for Latinos.

¹⁰ Dubina, Kevin; Gensler, Andrea; Lacey, Alan; and Toossi, Mitra, "Projections Overview and Highlights, 2016–26". *Monthly Labor Review*, October 2017.

¹¹ Ozimek, Adam; DeAntonio, Donte; and Zandi, Mark, "Aging and the Productivity Puzzle" (2018). <https://ma.moodys.com/rs/961-KCJ-308/images/2018-09-04-Aging-and-the-Productivity-Puzzle.pdf>

Figure 4: Sex of Employed Workers in Massachusetts and the United States in 2017



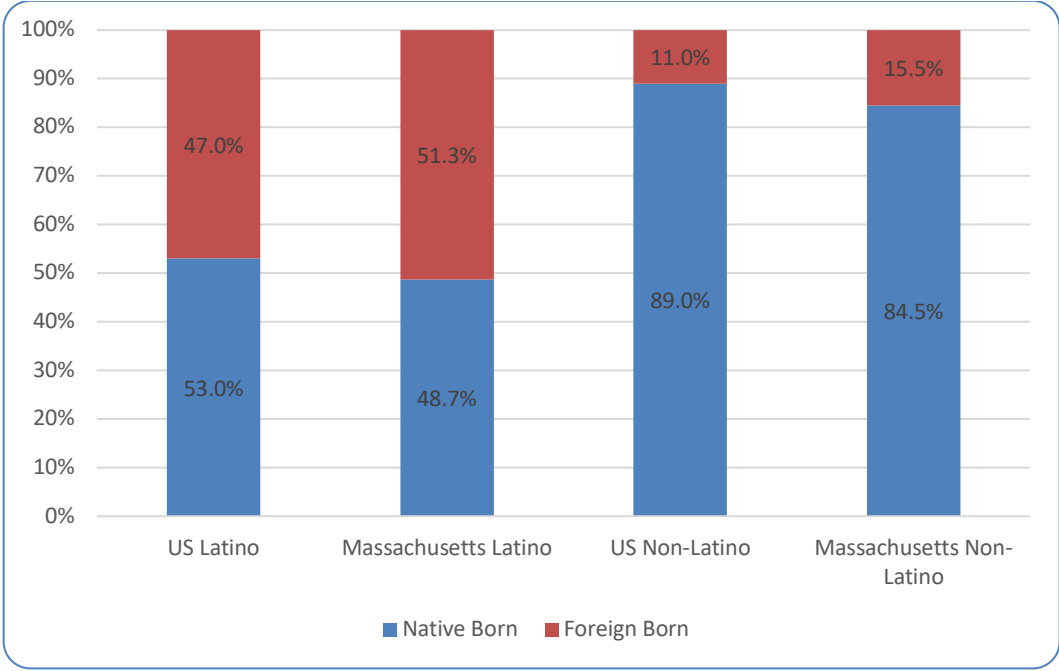
Source: 2017 American Community Survey

Nativity

Even though population growth does not cause economic growth, the two are highly correlated in the United States. Foreign-born workers find strong labor markets an attractive place to migrate to and often increase population growth in the region. If foreign-born workers of a region disproportionately fill jobs that other workers in a region do not fill, these workers are complements in the labor force. Foreign-born workers are substitutes in the labor force if they compete for similar jobs. If foreign-born workers have higher skills, they can increase wages as they fill a gap in the labor force and increase productivity, but if they are substitutes, some debate exists if they keep wages lower.^{12,13}

¹² Mora, Marie & Dávila, Alberto, “Hispanic–White Wage Gap.”
¹³ Borjas, George, “The Labor Demand Curve is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market.” *The Quarterly Journal of Economics*, 2003.

Figure 5: Nativity of Employed Workers in Massachusetts and the United States in 2017



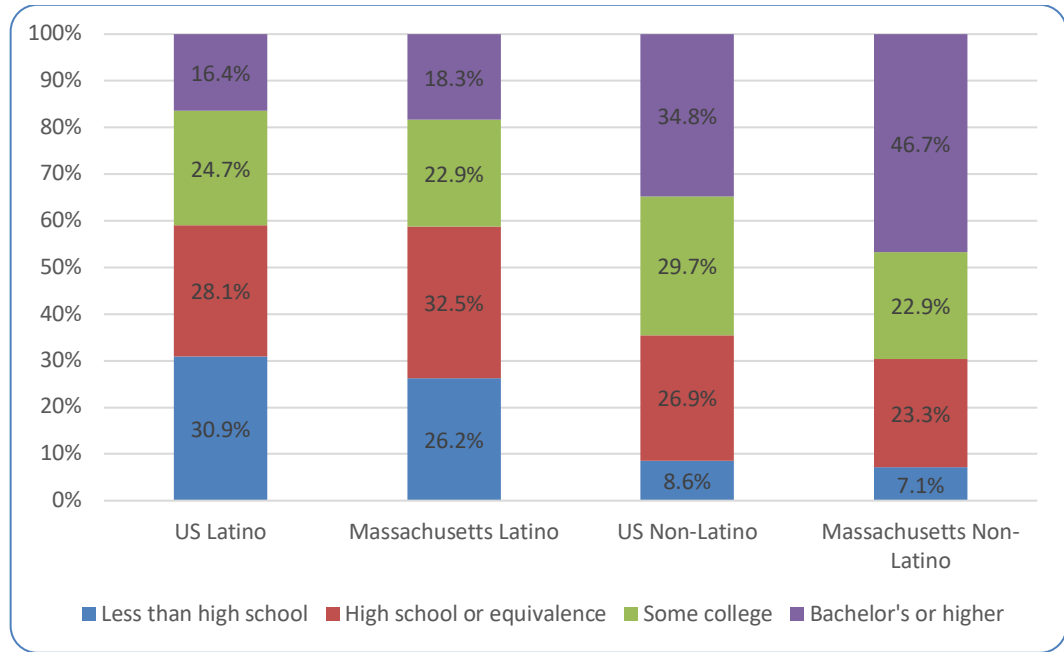
Source: 2017 American Community Survey

As Figure 5 shows, a much higher proportion of Latinos than non-Latinos are of foreign birth. This is true even though Puerto Ricans, as U.S. citizens, are native-born. For both Latinos and non-Latinos, the percentage of Massachusetts residents who are foreign-born is somewhat higher than the national average.

Educational Attainment of Employed Workers

The educational attainment of the United States is increasing. Nearly one-third of the adult population has at least a Bachelor’s degree (Figure 6). Having a college degree is a credential for jobs in occupations offering higher pay. Once in these jobs, employees develop skills that contribute to their career advancement. Without proper credentialing, workers can become stuck in jobs that do not allow for the skill development needed for career advancement.

Figure 6: Educational Attainment of Employed Workers in Massachusetts and the United States in 2017



Source: 2017 American Community Survey

If Latinos' age structure is beneficial to both the U.S. and the Massachusetts labor force, their educational attainment is not. Less than 20% of Massachusetts Latinos age 25 and older have at least a Bachelor's degree, compared to nearly half of non-Latinos.

To be sure, there is variation among Latinos regarding educational attainment. First, Latinas are more likely to have finished high school and more likely to have at least some college than are Latino men. Second, not all Latino subgroups have low levels of educational attainment. Mexicans, Colombians, Peruvians, and Ecuadorians have higher shares of their population with at least a Bachelors' degree than do Puerto Ricans, Dominicans, Salvadorans, and Guatemalans.

Wage Earnings

Because workers do not participate in the labor market equally, wage comparisons can be problematic. If a larger share of a population is part-time workers, this population will have a lower income. To standardize this wage analysis, this report only compares the median wages of full-time workers.

Latinos in Massachusetts have a higher wage income than the average for Latinos in the United States overall. However, across the age cohorts, they have lower wage income than the state's full-time non-Latino workers. The wage differential is fairly small in the 18-24 age bracket but much higher in the 25-54 and 55-64 brackets. Moreover, in all the brackets the differential is notably higher in Massachusetts than in the U.S. overall.

Table 1: Median Wage Income of Full-Time Workers

Age	US Latino	US Non-Latino	Differential	MA Latino	MA Non-Latino	Differential
18-24	\$23,156	\$25,280	-9%	\$25,280	\$30,336	-20%
25-54	\$35,392	\$50,559	-43%	\$40,448	\$64,716	-60%
55-64	\$36,403	\$52,582	-44%	\$40,448	\$65,727	-62%

Source: 2017 American Community Survey

Sex

Men have typically earned higher wage incomes, and women in the United States continue to experience a pay differential of approximately 18% compared to male workers.¹⁴ In addition to differences in human capital, women's wages are influenced by occupational segregation, gendered work histories, and discrimination.

Table 2: Median Wage Income of Full-Time Workers by Sex

Sex	US Latino	US Non-Latino	Differential	MA Latino	MA Non-Latino	Differential
Male	\$35,392	\$51,571	-46%	\$40,448	\$67,750	-67%
Female	\$30,336	\$42,470	-40%	\$35,392	\$55,615	-57%

Source: 2017 American Community Survey

As Table 2 shows, both male and female Latinos make higher wages in Massachusetts than they do in the United States overall, but the discrepancies with non-Latinos are large. In Massachusetts, the Latino wage differential shown in Table 2 is 67% for males and 57% females.

Nativity

As mentioned earlier, the aging of the population is one explanation for the recent decline in labor force participation in the United States. Latinos in Massachusetts have an increased share of their population foreign-born than the country as a whole (Figure 5). The foreign born are more likely to have increased labor force participation, but the wage differential persists. However, the magnitude of the wage differential in Table 3 is lower in Massachusetts (65%) than it is for the entire country (70%). The opposite is the case for native-born Latinos. Their wage differential in Massachusetts is 50% while it is 31% for the country.

¹⁴ Bureau of Labor Statistics. "Women in the labor force: a databook." Report 1071. <https://www.bls.gov/opub/reports/womens-databook/2017/pdf/home.pdf>

Table 3: Median Wage Income of Full-Time Workers by Nativity

Nativity	US Latino	US Non-Latino	Differential	MA Latino	MA Non-Latino	Differential
Native	\$36,403	\$47,728	-31%	\$40,448	\$60,671	-50%
Foreign	\$30,336	\$51,571	-70%	\$36,807	\$60,671	-65%

Source: 2017 American Community Survey

Education

The overall difference in educational attainment between Latinos and non-Latinos suggests that Latinos fill specific roles in the labor force that require less educational attainment. Latinos with higher levels of educational attainment have the credentialing and skills to compete with non-Latinos for better-paying jobs, but those with a Bachelor's degree or higher have the highest wage differential of any level of educational attainment (40%). Latinos with less than a high school education have a slightly lower wage differential in Massachusetts (15%) than in the country overall (16%).

Table 4: Median Wage Income of Full-Time Workers by Educational Attainment

Education	US Latino	US Non-Latino	Differential	MA Latino	MA Non-Latino	Differential
LTHS	\$25,280	\$29,324	-16%	\$31,549	\$36,201	-15%
HS	\$30,336	\$35,392	-17%	\$35,392	\$45,504	-29%
Some College	\$35,392	\$40,448	-14%	\$38,425	\$50,559	-32%
BA+	\$54,604	\$68,761	-26%	\$57,638	\$80,895	-40%

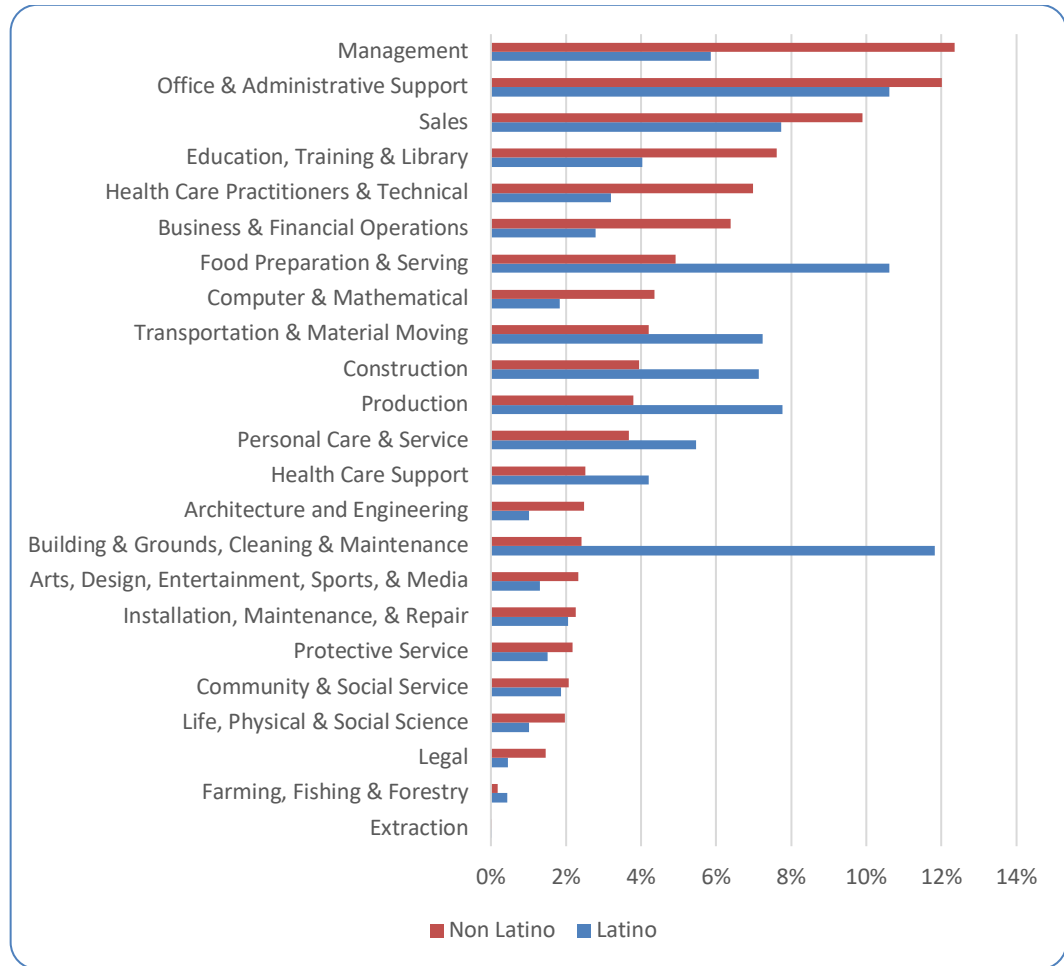
Source: 2017 American Community Survey

Wage Income Differentials by Occupations

The Standard Occupation Code created by the Office of Management and Budget classifies detailed occupations with similar job duties, and in some cases skills, education, or training. Workers are classified into one of 867 detailed occupations according to their occupational definition. These detailed occupations are combined to form 459 broad occupations, 98 minor groups, and 23 major groups. This report uses the 23 major occupational groups for its analysis.

One of the most important distinctions between workers is their skill level, as those with more job skills should earn higher wage income. These skills are difficult to measure but are aligned with an occupational distribution. This distribution for a population is important as it is related to the overall labor supply of a region. Both higher- and lower-skilled workers are needed to have a vibrant economy.

Figure 7: Occupational Distribution of Employed Workers



Source: 2013-2017 American Community Survey

Because of their lower educational attainment, most Latinos are disproportionately found in a few occupational categories in the Massachusetts labor force. Over 63% of Latinos work in just seven major categories: Building & Grounds, Cleaning & Maintenance (11.8%), Food Preparation & Serving, Office & Administrative Support (10.6%), Production (7.8%), Sales (7.7%), Transportation & Material Moving (7.2%), and Construction (7.1%). These occupations pay lower wages. In comparison, only 41% of non-Latinos work in these occupations. The situation is quite different in regard to higher-skilled occupations, which generally require higher educational attainment. Slightly under 18% of Latinos work in the following five higher-paying occupations: Management (5.9%), Health Care Practitioners & Technical (3.3%), Computer & Mathematical (1.8%), Education, Training & Library (4.0%), and Business & Financial (2.8%), while 38% of non-Latinos work in these same occupations.

Table 5 makes use of the twelve occupational categories that are included in Figure 7 and highlighted in the above paragraph. In this table (and in Tables 6-11 that follow), higher- and lower-skilled categories are separated. For each occupational category, median wages for Latinos and non-Latinos are given, followed by the differential. (As a reminder, the differential is found by

subtracting the Latino median from the non-Latino median and then dividing the result by the Latino median.) The other 11 occupational wage differentials are reported in the appendix.

Table 5: Median Wage Income by Occupational Distribution among Full-Time Workers

Major Occupation Categories	Full-Time Latino	Full-Time Non-Latino	Differential
Higher-Skilled Occupations			
Management	\$62,712	\$89,996	-43.5%
Education, Training & Library	\$46,619	\$61,755	-32.5%
Health Care Practitioners & Technical	\$60,671	\$76,663	-26.4%
Business & Financial Operations	\$59,576	\$73,276	-23.0%
Computer & Mathematical	\$79,648	\$95,577	-20.0%
Lower-Skilled Occupations			
Sales	\$35,098	\$56,979	-62.3%
Transportation & Material Moving	\$30,336	\$42,479	-40.0%
Construction	\$36,260	\$50,559	-39.4%
Building & Grounds, Cleaning & Maintenance	\$25,487	\$35,392	-38.9%
Production	\$31,859	\$43,563	-36.7%
Office & Administrative Support	\$36,260	\$45,504	-25.5%
Food Preparation & Serving	\$25,900	\$28,313	-9.3%

Source: 2013-2017 American Community Survey

When we compare the differentials in Table 5, we find that in one category (Sales), the 62.3 differential corresponds exactly to the overall 62.3 discrepancy between full-time Latino and non-Latino workers, but that all the other figures are lower. The second highest differential is in the Management category, at 43.5%. In one category (Food Preparation & Serving), the differential is notably low, at 9.3%. In the other nine categories, the differentials are within the range of 20% to 40%. Still, even though the figures are markedly lower than the overall 62.3%, they are significant, and consistently so. The other generalization to be made is that, for the most part, the differentials are higher in the lower-skilled categories than in the higher-skilled categories.

Age

Table 6 examines the same occupational categories but focuses on full-time workers ages 25-54, that is, workers who for the most part are in their prime earning years. Latinos have the highest share of their population between these ages. Earlier in this report, Table 1 showed that the wage differential between Latinos and non-Latinos in this age group is 60%, compared to 43% for the US as a whole. Table 6 is concerned only with Massachusetts.

Table 6: Median Wage Income by Occupational Distribution among Full-Time Workers Ages 25-54

Major Occupation Categories	Full-Time Latino	Full-Time Non-Latino	Differential
Higher-Skilled Occupations			
Management	\$66,902	\$88,842	-32.8%
Health Care Practitioners & Technical	\$60,671	\$73,164	-20.6%
Business & Financial Operations	\$62,159	\$74,338	-19.6%
Education, Training & Library	\$50,434	\$59,697	-18.4%
Computer & Mathematical	\$82,341	\$96,158	-16.8%
Lower-Skilled Occupations			
Sales	\$38,830	\$61,755	-59.0%
Transportation & Material Moving	\$30,879	\$44,178	-43.1%
Construction	\$36,260	\$51,799	-42.9%
Building & Grounds, Cleaning & Maintenance	\$25,731	\$34,805	-35.3%
Production	\$33,133	\$43,898	-32.5%
Office & Administrative Support	\$37,169	\$45,665	-22.9%
Food Preparation & Serving	\$26,761	\$30,878	-15.4%

Source: 2013-2017 American Community Survey

When we compare Table 6 with Table 5 (which includes workers of all age groups), we find that the differentials are significantly lower within nearly every category than the overall differential of 60% shown in Table 1 for this age group. Only in the Sales category (59.0%) does the differential come close to 60%. Comparing higher- and lower-skilled, we find that the differentials are much smaller in the higher-skilled categories. Once again, the differentials are greater in the lower-skilled categories, ranging from 59.0% in Sales to 15.4% in Food Preparation & Serving.

Sex

Table 2, earlier, gave a breakdown by sex, and it showed a higher differential for Massachusetts than for the US overall. The differentials between Latinos and non-Latinos in Massachusetts are 67% for male workers and 57% for female workers. Tables 7 and 8 examine the same seven occupational categories as in Tables 5 and 6.

Table 7: Median Wage Income by Occupational Distribution among Full-Time Male Workers

Major Occupation Categories	Latino Male	Non-Latino Male	Differential
Higher-Skilled Occupations			
Management	\$69,772	\$102,429	-46.8%
Health Care Practitioners & Technical	\$69,028	\$90,932	-31.7%
Business & Financial Operations	\$65,267	\$82,341	-26.2%
Computer & Mathematical	\$79,648	\$98,809	-24.1%
Education, Training & Library	\$56,979	\$69,028	-21.1%
Lower-Skilled Occupations			
Sales	\$40,448	\$63,718	-57.5%
Transportation & Material Moving	\$31,356	\$44,603	-42.2%
Office & Administrative Support	\$35,818	\$50,559	-41.2%
Construction	\$36,260	\$50,559	-39.4%
Production	\$35,509	\$48,537	-36.7%
Building & Grounds, Cleaning & Maintenance	\$28,819	\$38,231	-32.7%
Food Preparation & Serving	\$26,549	\$30,479	-14.8%

Source: 2013-2017 American Community Survey

For male workers, Table 7 shows much smaller differentials within specific categories than the overall 67% differential for the male workforce as a whole. It also shows generally higher differentials for the lower-skilled than for the higher-skilled categories.

Table 8: Median Wage Income by Occupational Distribution among Full-Time Female Workers

Major Occupation Categories	Latino Female	Non-Latino Female	Differential
Higher-Skilled Occupations			
Education, Training & Library	\$37,414	\$58,408	-56.1%
Management	\$56,627	\$74,338	-31.3%
Health Care Practitioners & Technical	\$58,668	\$73,164	-24.7%
Business & Financial Operations	\$56,609	\$67,931	-20.0%
Computer & Mathematical	\$80,895	\$87,487	-8.1%
Lower-Skilled Occupations			
Transportation & Material Moving	\$21,235	\$35,695	-68.1%
Sales	\$30,336	\$45,998	-51.6%
Building & Grounds, Cleaning & Maintenance	\$18,732	\$26,130	-39.5%
Production	\$25,988	\$33,446	-28.7%
Construction	\$42,958	\$51,799	-20.6%
Office & Administrative Support	\$36,674	\$43,898	-19.7%
Food Preparation & Serving	\$23,257	\$26,130	-12.4%

Source: 2013-2017 American Community Survey

Comparing Table 8 to Table 7, we find once again a higher differential in the lower-skilled than in the higher-skilled categories. Perhaps the most striking finding is in the Computer & Mathematical category, with a differential of only 8.1%. In both categories, we find differentials that are noticeably lower than the overall figure of 57% but that are still significant. In only three of the twelve categories is the differential lower than 20%.

Nativity

The following two tables follow up on the earlier Table 3, which broke down the wage differential between native-born and foreign-born workers. (It is important to note that Puerto Ricans, as US citizens, count in the native-born category.) Table 3 showed overall differentials of 50% and 65%, respectively, for native- and foreign-born workers. Tables 9 and 10 show the breakdown by occupational category.

Table 9: Median Wage Income by Occupational Distribution among Full-Time, Native-Born Workers

Major Occupation Categories	Full-Time Latino	Full-Time Non-Latino	Differential
Higher-Skilled Occupations			
Education, Training & Library	\$41,170	\$61,683	-49.8%
Management	\$63,718	\$89,206	-40.0%
Health Care Practitioners & Technical	\$60,532	\$76,165	-25.8%
Computer & Mathematical	\$73,164	\$91,977	-25.7%
Business & Financial Operations	\$60,671	\$73,164	-20.6%
Lower-Skilled Occupations			
Transportation & Material Moving	\$27,302	\$44,943	-64.6%
Sales	\$37,169	\$58,649	-57.8%
Production	\$32,116	\$47,034	-46.5%
Construction	\$36,260	\$51,463	-41.9%
Building & Grounds, Cleaning & Maintenance	\$27,302	\$37,169	-36.1%
Office & Administrative Support	\$35,392	\$45,989	-29.9%
Food Preparation & Serving	\$21,949	\$28,313	-29.0%

Source: 2013-2017 American Community Survey

Once again, the breakdown by occupational category shows differentials that are much lower than the overall figure (50% in this case) but still quite significant. And as with earlier tables, the differentials are higher in the lower-skilled than in the higher-skilled categories.

Table 10: Median Wage Income by Occupational Distribution of Full-Time, Foreign-Born Workers

Major Occupation Categories	Full-Time Latino	Full-Time Non-Latino	Differential
Higher-Skilled Occupations			
Management	\$62,712	\$92,633	-47.7%
Business & Financial Operations	\$58,408	\$74,338	-27.3%
Health Care Practitioners & Technical	\$63,718	\$77,862	-22.2%
Education, Training & Library	\$51,171	\$62,712	-21.6%
Computer & Mathematical	\$88,059	\$102,926	-16.9%
Lower-Skilled Occupations			
Building & Grounds, Cleaning & Maintenance	\$24,702	\$30,878	-25.0%
Construction	\$36,024	\$44,492	-23.5%
Production	\$31,347	\$38,083	-21.5%
Transportation & Material Moving	\$30,878	\$36,024	-16.7%
Office & Administrative Support	\$37,169	\$42,476	-14.3%
Sales	\$32,763	\$42,994	-14.3%
Food Preparation & Serving	\$26,549	\$27,790	-4.7%

Source: 2013-2017 American Community Survey

Among foreign-born workers, as Table 10 shows when compared with Table 9, the category-by-category differentials are smaller than among native-born workers. This is especially true in the lower-skilled occupational categories.

Education

One of the findings of Table 4 was that for workers having at least a Bachelor's degree, the wage differential between Latinos and non-Latinos is 40% in Massachusetts. The first part of Table 11, focused on higher-skilled occupations, modifies this overall figure somewhat. In all of these categories, the wage differential is noticeably less than the 40% overall figure, but in view of what these workers have invested in their higher education the differential is still significant. It is worth remembering that the proportion of Latinos who hold jobs in these higher-skilled occupations is less than 18% compared to 38% for non-Latinos.

Table 11: Median Wage Income of Full-Time Workers by Educational Attainment and Occupational Distribution

Major Occupation Categories	Full-Time Latino	Full-Time Non-Latino	Differential
Higher-Skilled Occupations			
Management	\$80,895	\$102,130	-26.3%
Health Care Practitioners & Technical	\$72,048	\$84,958	-17.9%
Business & Financial Operations	\$67,938	\$78,390	-15.4%
Computer & Mathematical	\$91,007	\$100,887	-10.9%
Education, Training & Library	\$58,531	\$64,802	-10.7%
Lower-Skilled Occupations			
Transportation & Material Moving	\$29,370	\$41,808	-42.3%
Construction	\$36,024	\$50,559	-40.3%
Building & Grounds, Cleaning & Maintenance	\$25,280	\$34,302	-35.7%
Production	\$31,356	\$41,440	-32.2%
Sales	\$32,113	\$41,440	-29.0%
Office & Administrative Support	\$35,392	\$41,440	-17.1%
Food Preparation & Serving	\$25,731	\$26,443	-2.8%

Source: 2013-2017 American Community Survey

The lower part of Table 11, focusing on wage differentials among lower-skilled occupations, includes only those workers with a high school education or less. These categories include over 63% of all Latino workers. In only one of these seven categories, Food Preparation & Serving, is the differential noticeably small. In the others, the differential ranges from 17.1% to 42.3%.

Discussion

Latinos in Massachusetts have higher labor force participation but also higher unemployment than non-Latinos. On the surface, this suggests that there should be no concern with their future labor force participation as their share of the labor force continues to grow over the next 20 years. However, a more nuanced examination of their wages suggests a more problematic trend. Across almost all demographic characteristics that influence labor market outcomes, Latinos receive lower wages compared to non-Latinos in Massachusetts. This wage differential is consistent by prime-age labor force participation, sex, and nativity. This wage differential even exists for college-educated Latinos in all occupational categories. The persistence of this Latino wage differential is not explained by human capital theory.

Labor market economics posits that workers have a reservation wage and when offered this wage, workers accept employment. Latinos appear to accept employment at a wage that is lower than non-Latinos. This highlights their willingness to participate in the labor market. Even though this research identifies that Latinos in Massachusetts earn higher wage income than Latinos in other parts of the United States, this wage differential influences their wealth accumulation over the life course and can have implication for future workforce development in Massachusetts.

Because 39% of Latino family households are headed by Latinas in Massachusetts, their labor force success is key for the success of the Latino children who will make up a larger portion of Massachusetts’s future labor force. Even though Latinas have a lower wage differential for many occupations compared to Latino men, their lower wage income is problematic for the success of Latino families. Latina women have larger shares with at least a Bachelor’s degree than Latino men, but they are not receiving the benefit of their educational attainment because they are experiencing the effects of both the Latino and female wage differentials in the United States.

The aim of this report is to identify this wage differential. It does not attempt to identify the cause of this wage differential. Faced with evidence of this wage differential, those concerned with the state’s workforce development should further examine the causes of the discrepancies. Simple explanations such as the lower levels of educational attainment of Latinos are problematic because the wage differential persists (although not as starkly) even when Latinos have higher levels of educational attainment. A more in-depth investigation would require both rigorous econometric research beyond the scope of this report and also in-depth qualitative research into human resources at firms in different regions of the Commonwealth.

Future Gastón Institute reports will examine this wage disparity among Latino subpopulations and in the different regions of the state. Latinos are a heterogeneous group and the different subpopulations have different levels of labor market success. In addition, many Latinos live in cities and towns that have not had the economic success of other regions of the state.

Appendix

The following tables report the wage differential for other occupations not reported in Tables 5-11.

Table 5A: Median Wage Income by Occupational Distribution among Full-Time Workers

Other Major Occupation Categories	Full-Time Latino	Full-Time Non-Latino	Differential
Architecture and Engineering	\$80,895	\$85,951	-6.2%
Arts, Design, Entertainment, Sports, & Media	\$49,727	\$57,486	-15.6%
Community & Social Service	\$41,170	\$48,795	-18.5%
Extraction	\$41,808	\$52,260	-25.0%
Farming, Fishing & Forestry	\$26,025	\$25,078	3.6%
Health Care Support	\$30,336	\$34,491	-13.7%
Installation, Maintenance, & Repair	\$42,200	\$53,099	-25.8%
Legal	\$52,492	\$87,796	-67.3%
Life, Physical & Social Science	\$52,582	\$74,591	-41.9%
Personal Care & Service	\$23,828	\$27,143	-13.9%
Protective Service	\$65,727	\$72,806	-10.8%

Source: 2013-2017 American Community Survey

Table 6A: Median Wage Income by Occupational Distribution among Full-Time Workers Ages 25-54

Other Major Occupation Categories	Latino Full Time 25-54	Non-Latino Full Time 25-54	Differential
Architecture and Engineering	\$84,661	\$84,958	-0.4%
Arts, Design, Entertainment, Sports, & Media	\$50,169	\$58,015	-15.6%
Community & Social Service	\$42,571	\$48,915	-14.9%
Extraction	\$41,808	\$52,260	-25.0%
Farming, Fishing & Forestry	\$26,025	\$35,392	-36.0%
Health Care Support	\$31,907	\$34,995	-9.7%
Installation, Maintenance, & Repair	\$43,898	\$53,521	-21.9%
Legal	\$51,799	\$89,206	-72.2%
Life, Physical & Social Science	\$58,015	\$74,591	-28.6%
Personal Care & Service	\$25,280	\$28,673	-13.4%
Protective Service	\$72,048	\$74,591	-3.5%

Source: 2013-2017 American Community Survey

Table 7A: Median Wage Income by Occupational Distribution among Full-Time Male Workers

Major Occupation Categories	Latino Male	Non-Latino Male	Differential
Architecture and Engineering	\$82,341	\$87,973	-6.8%
Arts, Design, Entertainment, Sports, & Media	\$56,284	\$60,671	-7.8%
Community & Social Service	\$34,886	\$49,727	-42.5%
Extraction	\$41,808	\$51,463	-23.1%
Farming, Fishing & Forestry	\$26,025	\$30,878	-18.6%
Health Care Support	\$30,336	\$37,169	-22.5%
Installation, Maintenance, & Repair	\$42,476	\$53,099	-25.0%
Legal	\$52,492	\$102,926	-96.1%
Life, Physical & Social Science	\$50,559	\$81,525	-61.2%
Personal Care & Service	\$26,549	\$32,627	-22.9%
Protective Service	\$71,073	\$74,338	-4.6%

Source: 2013-2017 American Community Survey

Table 8A: Median Wage Income by Occupational Distribution among Full-Time Female Workers

Other Major Occupation Categories	Latino Female	Non-Latino Female	Differential
Architecture and Engineering	\$75,839	\$73,817	2.7%
Arts, Design, Entertainment, Sports, & Media	\$38,231	\$53,871	-40.9%
Community & Social Service	\$43,512	\$48,436	-11.3%
Extraction	-	\$60,671	-
Farming, Fishing & Forestry	\$25,487	\$20,823	18.3%
Health Care Support	\$30,437	\$33,983	-11.7%
Installation, Maintenance, & Repair	\$31,080	\$51,463	-65.6%
Legal	\$51,799	\$77,194	-49.0%
Life, Physical & Social Science	\$60,671	\$69,028	-13.8%
Personal Care & Service	\$22,246	\$24,864	-11.8%
Protective Service	\$53,521	\$60,671	-13.4%

Source: 2013-2017 American Community Survey

Table 9A: Median Wage Income by Occupational Distribution among Full-Time, Native-Born Workers

Other Major Occupation Categories	Native-Born Latinos	Native-Born Non-Latinos	Differential
Architecture and Engineering	\$72,806	\$84,940	-16.7%
Arts, Design, Entertainment, Sports, & Media	\$50,169	\$57,346	-14.3%
Community & Social Service	\$41,808	\$49,727	-18.9%
Extraction		\$52,260	-
Farming, Fishing & Forestry	\$27,350	\$26,130	4.5%
Health Care Support	\$30,311	\$34,995	-15.5%
Installation, Maintenance, & Repair	\$42,479	\$53,099	-25.0%
Legal	\$52,492	\$85,951	-63.7%
Life, Physical & Social Science	\$53,593	\$74,338	-38.7%
Protective Service	\$65,727	\$73,164	-11.3%
Personal Care & Service	\$25,731	\$26,652	-3.6%

Source: 2013-2017 American Community Survey

Table 10A: Median Wage Income by Occupational Distribution of Full-Time, Foreign-Born Workers

Other Major Occupation Categories	Foreign-Born Latinos	Foreign -Born Non-Latinos	Differential
Architecture and Engineering	\$89,095	\$92,633	-4.0%
Arts, Design, Entertainment, Sports, & Media	\$49,404	\$58,668	-18.7%
Community & Social Service	\$39,112	\$43,229	-10.5%
Extraction	\$41,808	\$64,843	-55.1%
Farming, Fishing & Forestry	\$26,025	\$21,949	15.7%
Health Care Support	\$31,859	\$33,773	-6.0%
Installation, Maintenance, & Repair	\$41,808	\$49,404	-18.2%
Legal	\$51,799	\$109,746	-111.9%
Life, Physical & Social Science	\$52,582	\$75,400	-43.4%
Personal Care & Service	\$22,246	\$28,325	-27.3%
Protective Service	\$84,399	\$52,037	38.3%

Source: 2013-2017 American Community Survey

Table 11A: Median Wage Income by Occupational Distribution and Educational Attainment

Other Major Occupation Categories	Latinos with at Least a Bachelor's Degree	Non-Latinos with at Least a Bachelor's Degree	Differential
Architecture and Engineering	\$91,007	\$92,633	-1.8%
Arts, Design, Entertainment, Sports, & Media	\$56,284	\$61,683	-9.60%
Community & Social Service	\$45,877	\$51,463	-12.2%
Legal	\$60,532	\$94,380	-55.9%
Life, Physical & Social Science	\$59,660	\$77,194	-29.4%

Source: 2013-2017 American Community Survey

Table 11B: Median Wage Income by Occupational Distribution and Educational Attainment

Other Major Occupation Categories	Latinos with a High School Diploma or Less	Non-Latinos with a High School Diploma or Less	Differential
Extraction	\$41,808	\$51,463	-23.1%
Farming, Fishing & Forestry	\$25,731	\$22,550	12.4%
Health Care Support	\$28,220	\$31,859	-12.9%
Installation, Maintenance, & Repair	\$39,112	\$51,799	-32.4%
Personal Care & Service	\$22,246	\$24,425	-9.8%
Protective Service	\$64,231	\$56,979	11.3%

Source: 2013-2017 American Community Survey

About the Gastón Institute

Established in 1989, the Mauricio Gastón Institute for Latino Community Development and Public Policy was created by the Massachusetts Legislature in response to a need for improved understanding about the Latino experience in the commonwealth. Now in its 30th year, the Gastón Institute continues its mission of informing the public and policymakers about issues vital to the state's growing Latino community and providing information and analysis necessary for effective Latino participation in public policy development. To learn more about the Gastón Institute, visit www.umb.edu/gastoninstitute.

One of the goals of the Gastón Institute is to be responsive to the needs of the Latino and policy communities through the research we undertake. Please feel free to contact us with suggestions or requests for specific information.

About the Author

Phillip Granberry is a social demographer. He worked with various community-based organizations assisting recently arrived U.S. immigrants before earning a Ph.D. in Public Policy from the University of Massachusetts Boston. He has published several articles on the accumulation and use of social capital among Latinos and the sexual health communication of Puerto Rican mothers with their children. In addition to his research and teaching in the Gastón Institute and Economics Department at UMass Boston, he is Senior Researcher in demography for the Boston Planning and Development Agency.

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